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FM AMEMBASSY DAMASCUS
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6708
INFO RUEHEE/ARAB LEAGUE COLLECTIVE IMMEDIATE
RUEHLO/AMEMBASSY LONDON IMMEDIATE 0317
RUEHFR/AMEMBASSY PARIS IMMEDIATE 0338
RUEHTV/AMEMBASSY TEL AVIV IMMEDIATE 0738
RUEHTC/AMEMBASSY THE HAGUE IMMEDIATE 0236
RUEHBS/USEU BRUSSELS IMMEDIATE
RHEHAAA/WHITE HOUSE WASHDC IMMEDIATE
RUEATRS/DEPT OF TREASURY WASHDC IMMEDIATE
RHMFISS/HQ USCENCOM MACDILL AFB FL IMMEDIATE
RHEHNSC/NSC WASHDC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 DAMASCUS 000276

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NEA/ELA
NSC FOR ABRAMS/DORAN/SINGH
TREASURY FOR GLASER/LEBENSON
EB/ESC/TFS FOR SALOOM

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TAGS: [ECON](#) [EINV](#) [ETTC](#) [PGOV](#) [SANC](#) [SY](#)
SUBJECT: SANCTIONS: REACTION TO THE SHAWKAT DESIGNATION

Classified By: CDA Stephen Seche for reasons 1.5 b/d.

11. (C) Summary. The Treasury Department,s designation of President Asad,s brother-in-law, Asif Shawkat, received considerable regional press coverage and stirred some internal discussion in Damascus. The move was quietly welcomed by most groups, including the Sunni business community, though many questioned the timing. Our European colleagues say they lack the legal tools to take similar unilateral action, but are prepared to designate anyone identified by the UN sanctions committee as complicit in the assassination of former Lebanese PM Hariri. Asif Shawkat himself is reportedly unfazed by the designation and prepared to discuss ways to improve relations with the US. End summary.

12. (C) Like the previous designation of deceased Interior Minister Ghazi Kanaan E.O. 13338, the January 18 Treasury Department order to freeze any assets belonging to Asif Shawkat, and prohibiting US individuals from conducting transactions with him, received significant regional media coverage though it wasn't reported in the local, state-controlled press. Syrians we've talked to have quietly applauded the designation, though unsure of what practical effect the sanctions may have. Dr. Abdul Rahman Attar, the head of one of the most important Sunni business families in Damascus, commented to us that the designation was a positive step and wondered aloud when there would be others. He drew a hopeful parallel between Asif Shawkat and the deceased former Interior Minister Ghazi Kanaan, who was designated under the same Executive Order in June of 2005 and ended up dead by what was officially deemed a suicide some four months later. According to Attar, the Damascus rumor mill is actively speculating on the health of Shawkat,s relations with President Asad following the designation.

The Europeans

13. (C) The EU mission in Damascus, which was unaware of any of our previous 18 designations of individuals and entities, did take notice of Shawkat,s designation. Loic Lallemand Zeller, EU pol/econ counselor, commented to us that the designation triggered an internal discussion within the EU in Brussels and among his colleagues at other European missions

in Damascus. According to Zeller, the EU has no legal mechanism similar to the US International Emergency Economic Powers Act (IEEPA), or consequently E.O. 13338, for placing financial sanctions on individuals or entities outside of a UNSCR. Zeller said that it has taken months of discussion between the European Commission and the European Parliament to create a mechanism to implement UNSCR 1636, which calls for financial sanctions on individuals named as suspects in the Hariri assassination. Parliamentary action is necessary for each new UNSCR, according to Zeller. Zeller expressed confidence, however, that within days the EU, and all member states, would be in a position to take immediate action to place financial sanctions on any Syrian named by the UN sanctions committee.

Timing

14. (C) All our interlocutors of the last week looked for significance in the timing of the Shawkat designation. Abdel Kader Husrieh, informal economic advisor to Deputy Prime Minister Abdullah Dardari, commented to us that the designation came at a time when the SARG felt a slackening in the international pressure it faced, with the local impression being it has found a way to manage the UNIIIC investigation into the Hariri assassination. As proof, Husrieh echoed a sentiment we have heard from others, that there has been a perceptible softening of US rhetoric against the regime since before the release of the second Mehliis report. According to Husrieh, the SARG was therefore in a relatively strong position to be able to shrug off any incremental pressure, domestic or otherwise, resulting from one of its key pillars being sanctioned.

Shawkat,s Reaction

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15. (C) Shawkat,s business partner and Member of Parliament, Hashem Akkad, insisted to us that the designation did not worry Shawkat and would not influence his reported willingness to collaborate with the USG in the future (septel). Akkad said he saw Shawkat on the day following the designation and Shawkat's mood was light. Akkad said he pointed out to Shawkat that the USG action had no teeth but would instead be viewed as a badge of honor by the Arab street. Akkad also questioned the timing but was otherwise dismissive of the significance of the USG action.

16. (C) Comment. The level of the regional media coverage and resultant Syrian awareness of the Shawkat designation is a positive improvement over earlier announcements and is likely attributable to both the subject's prominence and the number and level of official USG statements emanating from Washington on the designation. Similar future designations will likely continue to be welcomed by the Damascene elite, but having the EU follow suit would greatly amplify the sanction's effect. It is encouraging that the EU will soon have a mechanism in place to designate anyone identified as a suspect in the Hariri investigation (of whom Shawkat should be one) but it still requires action by the UN sanctions committee to trigger the EU designation.

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